

Absa Exchange Traded Products



1 | Company confidential use only

What is an ETF

Exchange traded funds (ETFs) are open-ended passive investment funds that track the performance of an index or commodity

SHARE

+

UNIT TRUST

=

ETF

Listed on a stock exchange and traded like single shares

Your money is pooled (like a unit trust) so that it goes further

Enable investors to gain broad exposure to: stock markets, sectors, asset classes, investment themes

Usually offered at lower costs than traditionally managed investment funds

ETFs - advantages

Diversification

- Exposure to the whole market / market segment / asset class (i.e., equities, gold)

Liquidity

- Market maker provides full liquidity, ability to exchange for the underlying

Transparency

- Not a black-box investment – constituent assets, holdings, published daily, investment methodology fixed

Lower Costs

- Due to ETFs being passive in nature, they tend to have a low fee structure than actively managed funds

Investor Protection

- ETF securities are fully hedged by underlying assets
- Shares held by independent trustees
- Fully regulated – FSB, JSE

Convenient - exposure to an index or commodity through a single share

Fast and efficient - real time access to markets

Cost effective - lower management fees

Case for passive investing

A report “Quest for Alpha” (31 December 2012) by independent research house , DRW Investment Research*, continues to show the long-term underperformance of most actively managed unit trusts.

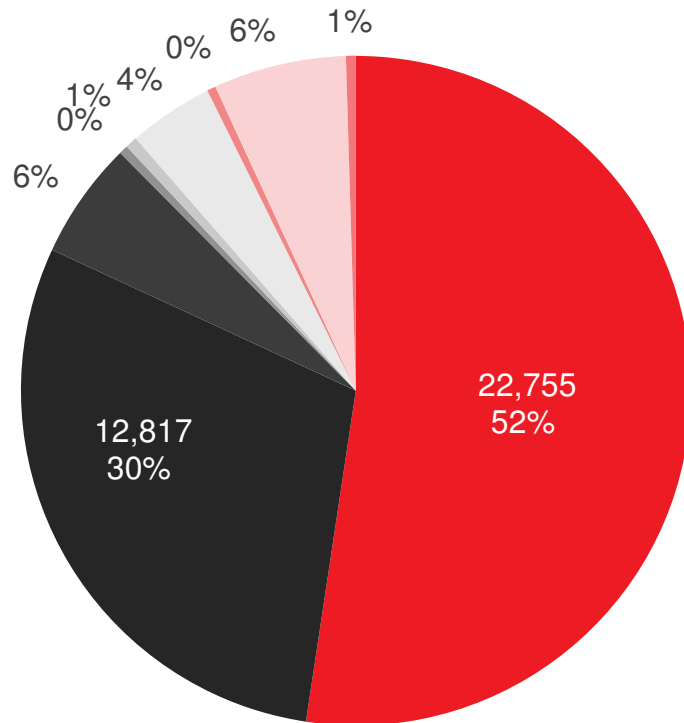
Equity Unit Trusts versus the Benchmarks

Equity Funds	1-Year	3-Year	5-Year	7-Year
Number of funds	103	82	71	51
Best performing fund	35.3%	20.9%	15.7%	16.9%
Worst performing fund	1.8%	5.7%	-3.5%	10.0%
Average	21.3%	13.8%	7.7%	12.8%
Benchmark: ALSI	26.7%	15.6%	9.4%	14.9%
% Funds outperforming ALSI	19%	26%	27%	25%
Benchmark: SWIX	29.1%	17.6%	10.6%	15.4%
% Funds outperforming SWIX	13%	11%	14%	16%

Source: *DRW Investment Research

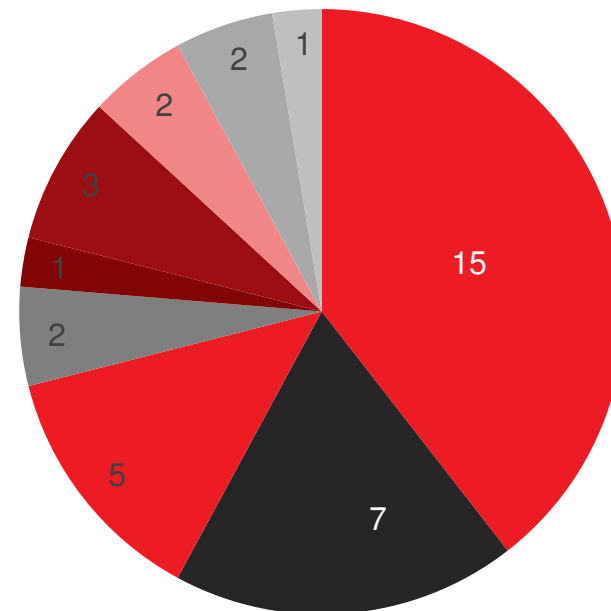
ETFs in South Africa

SA ETF originators - market share (ZAR'm)



- Absa Capital
- Satrix
- Deutsche Bank
- PropTrax
- Investec
- RMB
- Nedbank
- Stanlib
- PrefEx Securities

SA ETF originators - # of ETFs



- Absa Capital
- Satrix
- Deutsche Bank
- PropTrax
- Investec
- RMB
- Nedbank
- Stanlib
- PrefEx Securities

Source: Absa Capital, etfSA, Jan 2013

Cost reduction drive

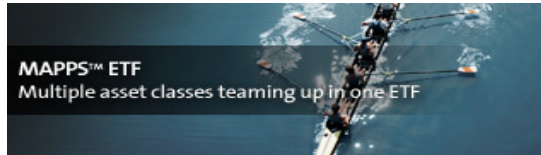
Effective 1 February 2012, the Management fees for the majority of our existing NewFunds CIS ETFs will be charged on a cost recovery basis, which will bring down our Total Expense Ratio's (TERs) significantly.

These lower ETFs should lead to enhanced after cost performance over time.

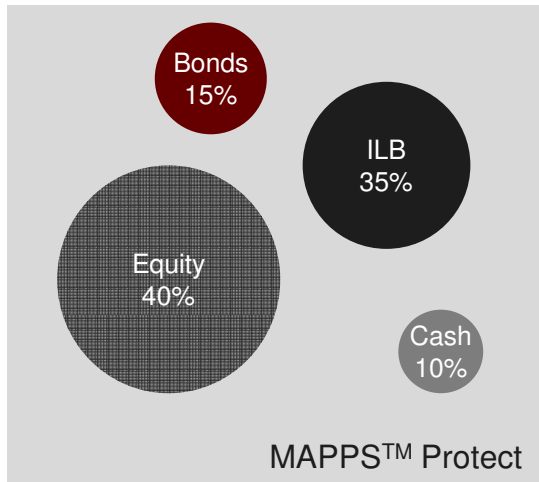
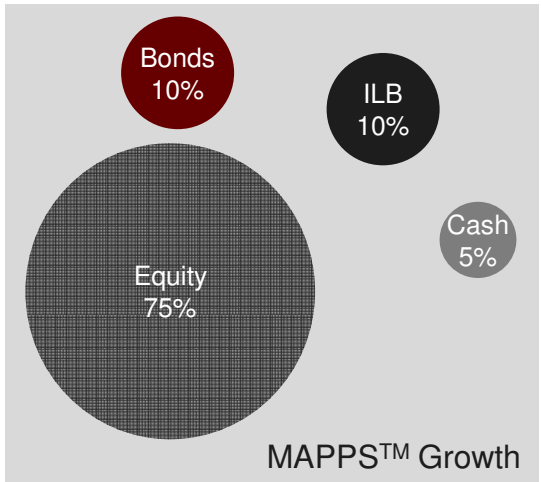
ETF name	FSB License	Asset Class	Underlying index / Asset	TER 31 Dec 11	TER 31 Dec 12*	TER for Month of Dec 12
NewGold	1.10	Commodity	Gold Bullion	0.40%	0.40%	0.40%
NewFunds TRACI	1.14	Cash	Barclays and Absa Capital ZAR Tradable Cash Index	n/a	0.20%	0.19%
NewFunds GOVI	1.14	Fixed Income	SA Government Bond Total Return Index	n/a	0.29%	0.29%
NewFunds ILBI	1.14	Fixed Income	Barclays and Absa Capital South African Government ILBI Index	n/a	0.30%	0.29%
eRAFI™ Overall	1.14	Equity	eRAFI™ Overall SA Index	0.62%	0.12%	0.10%
eRAFI™ Fini 15	1.14	Equity	eRAFI™ Fini 15 SA Index	1.30%	0.15%	0.12%
eRAFI™ Resi 20	1.14	Equity	eRAFI™ Resi 20 SA Index	1.05%	0.15%	0.12%
eRAFI™ Indi 25	1.14	Equity	eRAFI™ Indi 25 SA Index	1.09%	0.24%	0.12%
Shari'ah 40	1.14	Equity	FTSE/JSE Shari'ah 40 Index	0.90%	0.34%	0.33%
NewFunds SWIX 40	1.14	Equity	FTSE/JSE SWIX 40 Total Return Index	n/a	0.40%	0.34%
NewFunds Equity Momentum	1.14	Equity	Barclays and Absa Capital SA Equity Momentum Index	n/a	0.40%	0.36%
MAPPST™ Growth	1.14	Balanced	SWIX (75%), GOVI (10%), ILBI (10%), Cash (5%)	1.06%	0.47%	0.36%
MAPPST™ Protect	1.14	Balanced	SWIX (40%), GOVI (15%), ILBI (35%), Cash (10%)	0.95%	0.45%	0.35%

Source: Absa

MAPPS™ multi-asset ETFs (Balanced)



Access multiple asset classes by purchasing a single share on the JSE



Equities: FTSE/JSE Shareholder Weighted Total Return Index (SWIX40)
Nominal bonds: SA Government Bond Index (GOVI)
Inflation-linked bonds: Barclays Absa SA Government Inflation-linked Bond Index (ILBI)
Assets in liquid form: Cash and allowable money market instruments

Funds data (31 Dec, 2012)

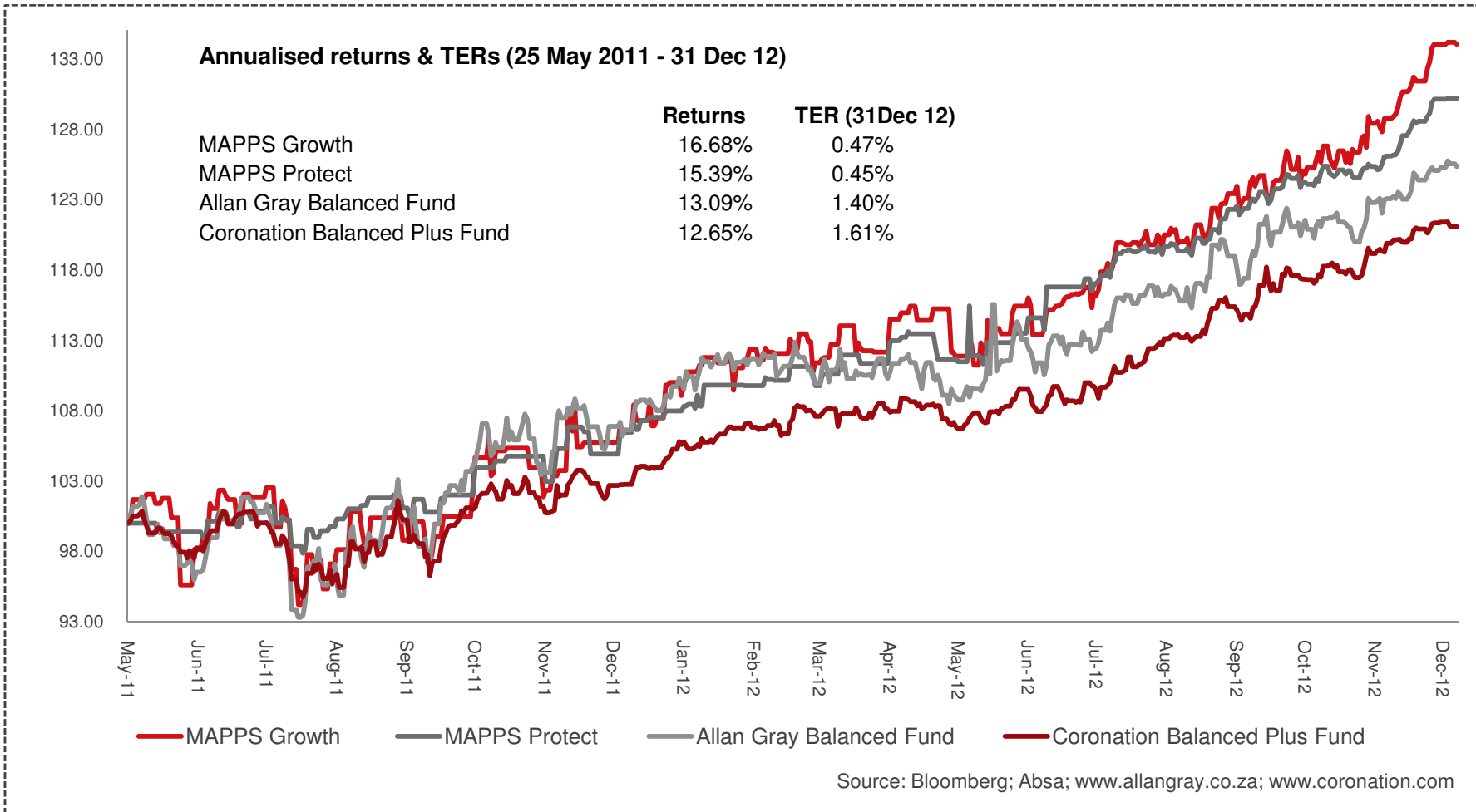
Fund	Listing date	TER	Annualised return since inception (TR)
MAPPS™ Growth ETF	25 May 2011	0.47%	16.68%
MAPPS™ Protect ETF	25 May 2011	0.45%	15.39%

Source: Bloomberg; Absa

The MAPPS™ innovation

- **Multiple asset class coverage:** MAPPS™ ETF incorporate exposure to equity, fixed income, inflation linked bonds and cash
- **Tracking industry benchmark indices:** each underlying component tracks the performance of an underlying industry benchmark index (e.g. SWIX, GOVI, ILBI)
- **Two strategies covering different risk profiles available:** two MAPPS™ ETFs initially offered:
 - MAPPS™ Growth
 - MAPPS™ Protect
- Both strategies aim to generate capital growth and limit volatility by exploiting the correlations between the asset classes they contain
- Ideal for an investor wanting a complete investment solution without paying away unnecessary fees

MAPPS Performance vs. two of the larger balanced funds in SA



eRAFI™ Index methodology

Fundamental measures of true economic value: Book equity value

- Cash flow
- Sales
- Gross dividends
- Net operating assets
- Debt coverage ratio

The Index methodology used to select shares that make up the eRAFI Overall Index is very similar to how active unit trust managers who follow a “value” approach (buying shares that are believed to be underpriced based on fundamental principals) select the shares that they hold in their funds.

The following fundamental factors are taken into account in selecting the 40 companies that make up this index (Top 100 companies by market capitalisation analysed) :

- Sales
- Cash flow
- Gross dividends paid
- Book value

Each of these factors is equally weighted i.e., 25% each

The companies in the index are further screened by looking at 2 additional factors:

- 1> quality of earnings screen (Net Operating Assets)and
- 2> a financial distress screen (Debt Coverage)

This methodology is the same for the sector eRAFI ETFs (eRAFI Fini 15, Indi 25 & Resi 20 except the universe

eRAFI™ stands for Enhanced Research Affiliates Fundamental Index

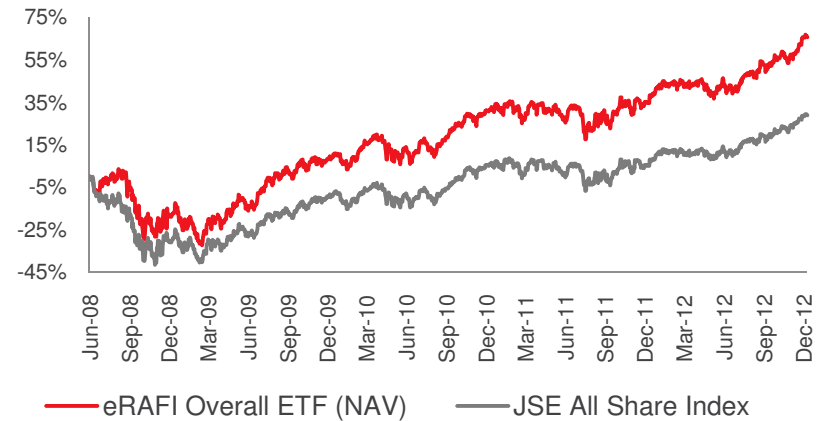
eRAFI™ Overall SA Index ETF

eRAFI™ ETF is managed by Absa Capital, together with local investment manager Plexus Asset Management.

It tracks the Plexus Absa Capital eRAFI™ Overall SA Index calculated daily by the independent investment consulting firm Riscura. This index consists of 40 shares selected on fundamental accounting measures from the top 100 JSE-listed companies.

The eRAFI™ ETF has been very successful since its inception in June 2008. It has to date outperformed its benchmark significantly.

eRAFI Overall ETF Performance (23 June 08 - 31 Dec 12)



FUND FACTS (31 Dec 2012)

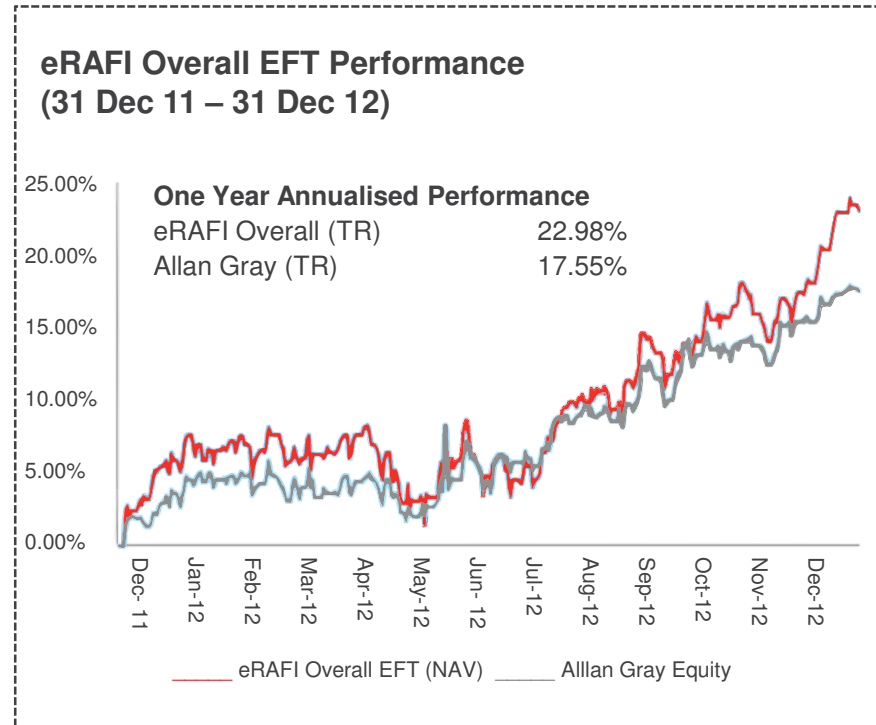
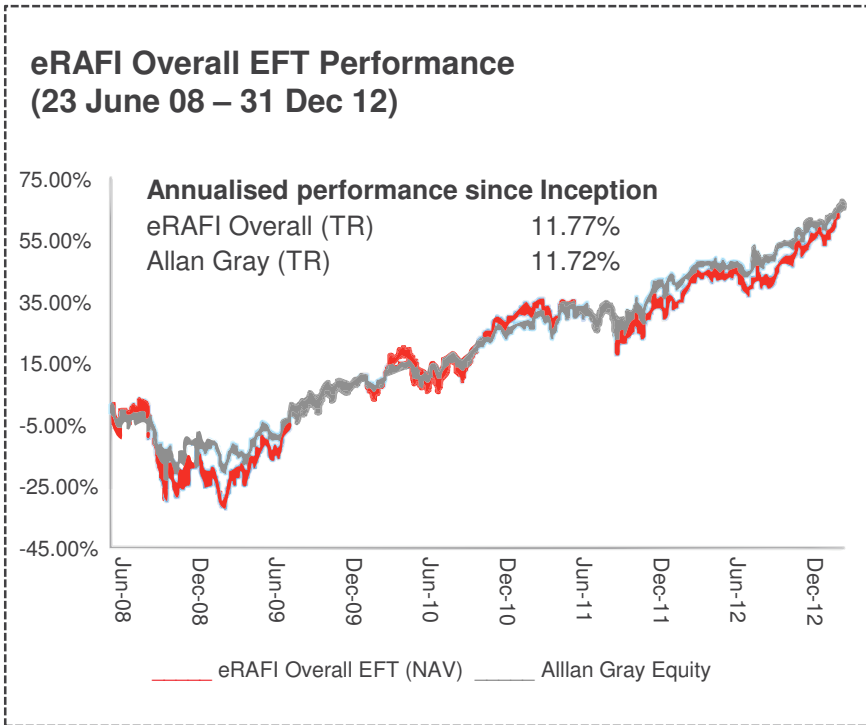
JSE Code	RAFISA
ISIN	ZAE000117149
Listing Date	23 Jun 08
Current TER annualised	0.12%
Current month TER annualised	0.10%

ETF Annualised Returns as at 31 Dec 2012

	eRAFI™ Overall ETF (NAV)	FTSE/JSE Africa All Share Index	Outperformance
Since inception	11.77%	5.75%	6.02%

Source: Absa

eRAFI™ Overall vs. Allan Gray Equity Fund



Fund	Latest Total Expense Ratio
eRAFI Overall ETF	0.12% (31 Dec 12)
Allan Gray Equity Fund	2.51% (31 Dec 12)

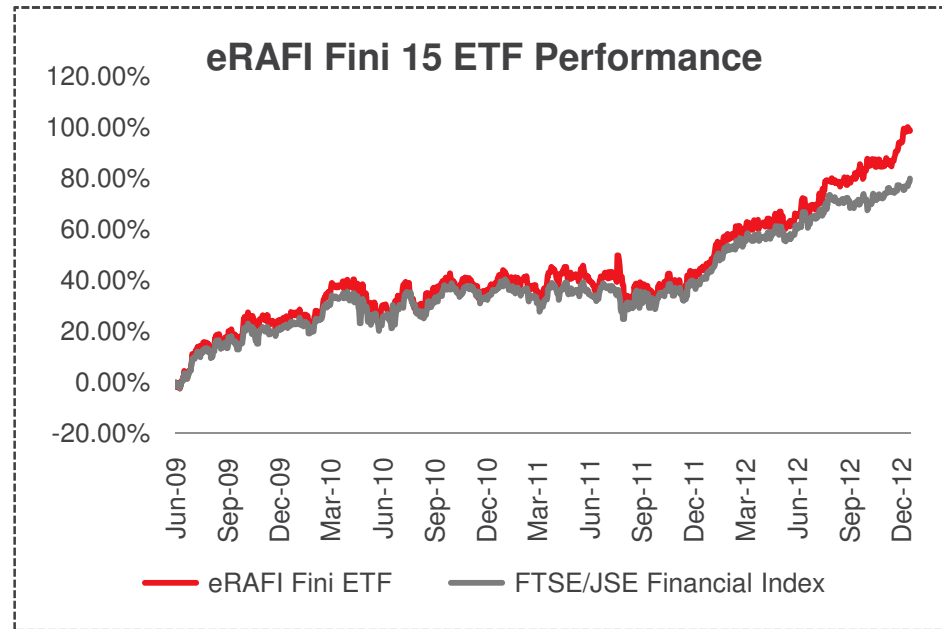
Source: Bloomberg & allangray.co.za

eRAFI™ Fini 15 ETF

The eRAFI™ Fini 15 ETF is managed by Absa Capital, together with local investment manager Plexus Asset Management.

It comprises securities in 15 companies with the largest fundamental value, selected from a universe of financial-sector JSE-listed companies.

This ETF won the 2012 Morningstar South Africa Fund Awards (Morningstar Awards) for **'Best Sector Equity Fund' over a 3 year period**, the first time in the five year history of the annual Morningstar Awards that honours were awarded to an Exchange Traded Fund (ETF).



FUND FACTS (31 Dec 2012)

JSE Code	RAFFIN
ISIN	ZAE000134979
Listing Date	15 Jun 09
Current TER annualised	0.15%
Current month TER annualised	0.12%

ETF Annualised Returns as at 31 Dec 2012

	eRAFI™ Fini 15 ETF	FTSE/JSE Financial Index	Outperformance
Since inception	21.31%	19.08.%	2.23%

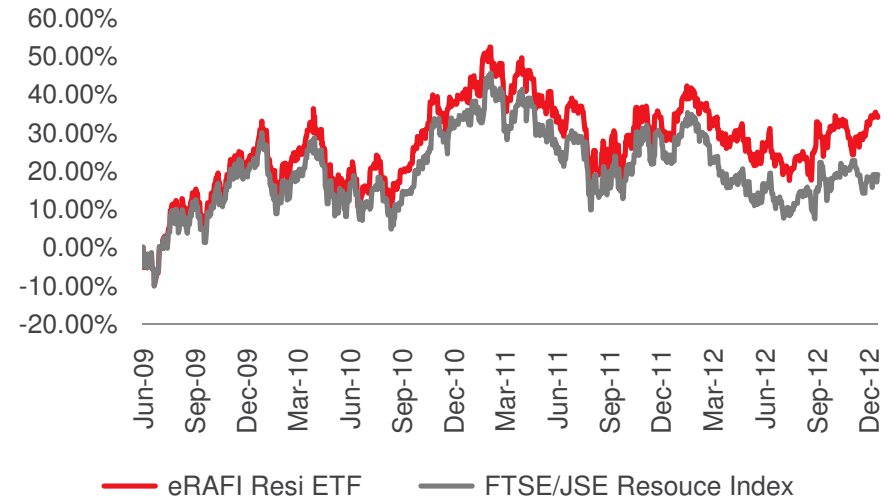
Source: Absa

eRAFI™ Resi 20 ETF

The eRAFI™ Resi 20 ETF is managed by Absa Capital, together with local investment manager Plexus Asset Management.

It comprises securities in 20 companies with the largest fundamental value, selected from a universe of the resource-sector JSE-listed companies.

eRAFI Resi 20 ETF Performance



FUND FACTS (31 Dec 2012)

JSE Code	RAFRES
ISIN	ZAE000135166
Listing Date	15 Jun 09
Current TER annualised	0.15%
Current month TER annualised	0.12%

ETF Annualised Returns as at 31 Dec 2012

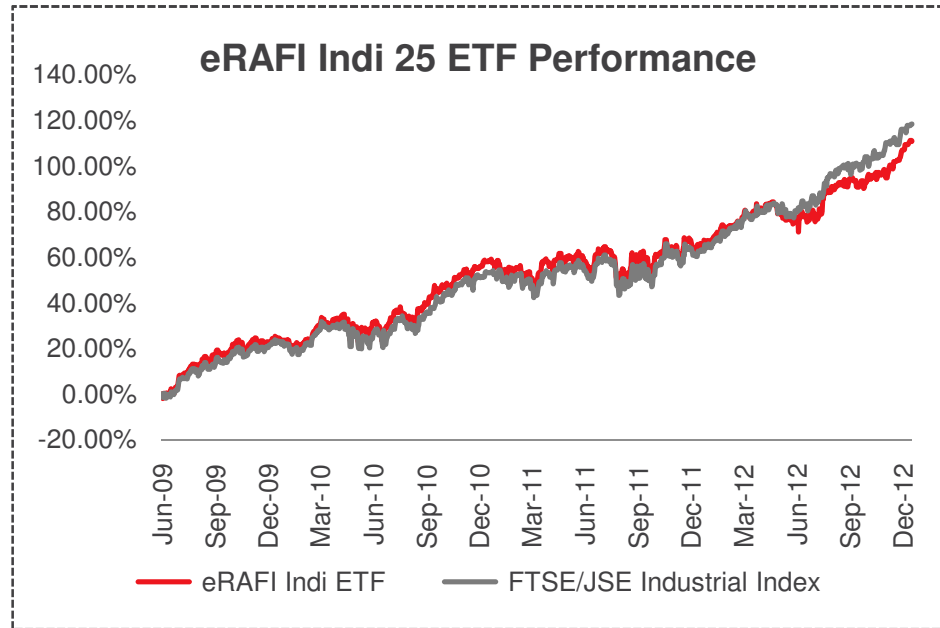
	eRAFI™ Overall ETF (NAV)	FTSE/JSE Africa All Share Index	Outperformance
Since inception	8.61%	5.91%	2.71%

Source: Absa

eRAFI™ Indi 25 ETF

The eRAFI™ Indi 25 ETF is managed by Absa Capital, together with local investment manager Plexus Asset Management.

It comprises securities in 25 companies with the largest fundamental value, selected from a universe of the industrial-sector JSE-listed companies.



FUND FACTS (31 Dec 2012)

JSE Code	RAFIND
ISIN	ZAE000135182
Listing Date	15 Jun 09
Current TER annualised	0.24%
Current month TER annualised	0.12%

ETF Annualised Returns as at 31 Dec 2012

	eRAFI™ Indi 25 ETF	FTSE/JSE Industrial Index	Outperformance
Since inception	23.39%	25.29%	-1.90%

Source: Absa

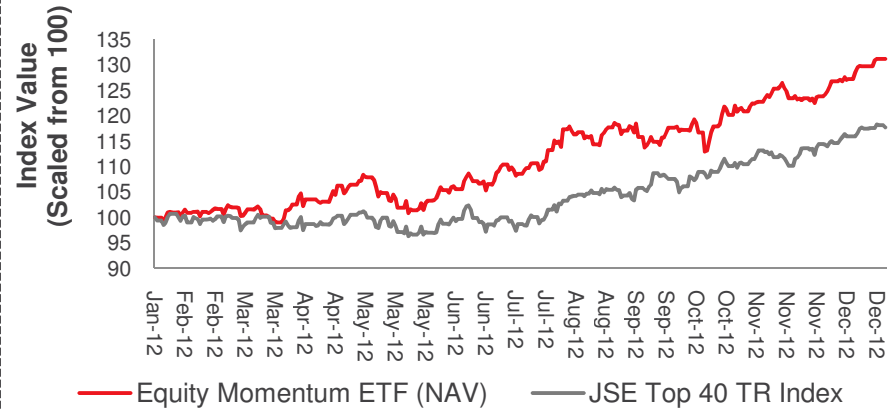
Equity Momentum ETF

The Equity Momentum ETF tracks the Barclays Capital/Absa Capital SA Equity Momentum TR Index, an index designed to capture returns from the price momentum observed in the South African equity market through quarterly rebalancing from a universe of stocks.

The final index consists of 40 companies, weighted according to their relative price momentum with higher relative momentum given greater weight.

Income (including dividends) will be reinvested in the ETF on a quarterly basis. Although income is reinvested, it is deemed distributed for tax purposes. Income, net of dividend tax, will be reinvested. The amount in respect of dividend tax will be distributed and either paid to investors or with-held and paid to SARS, depending on an investor's tax status.

Equity Momentum ETF vs. JSE Top 40 TR Index



FUND FACTS (31 Dec 2012)

JSE Code	NFEMOM
ISIN	ZAE000162236
Listing Date	26 Jan 12
Net asset value	R20,416,413
TER annualised	0.40%
Current month TER annualised	0.38%

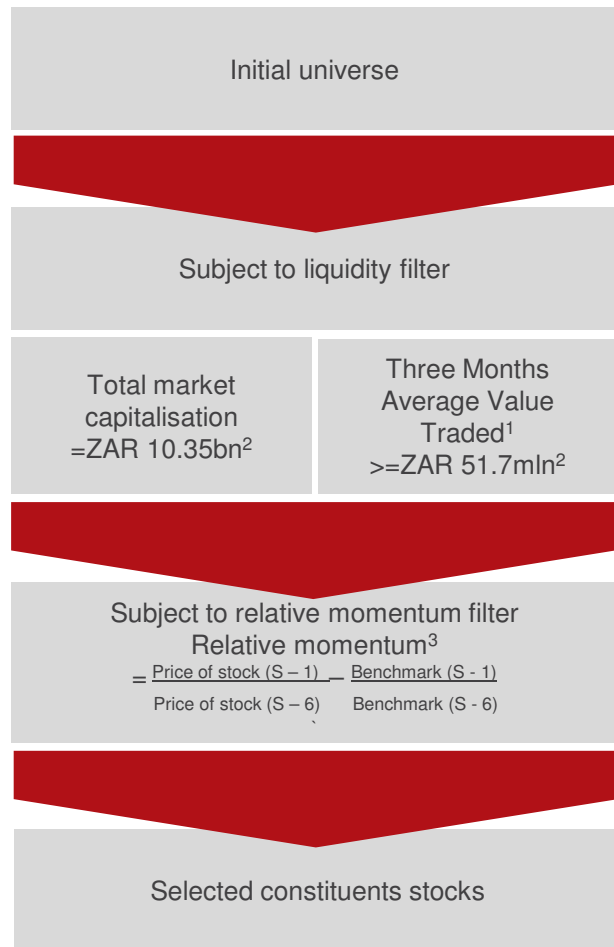
ETF Annualised Returns as at 31 Dec 2012

	Equity Momentum ETF (NAV)	FTSE/JSE Top 40 Total Return Index
Since inception	33.82%	19.09%

Source: Absa

Equity Momentum Index Methodology

Initial universe: FTSE/JSE all share index



Liquidity filter:

Shares which do not satisfy the following criteria are removed:

- Market capitalisation below or equal to R10.35bn
- Three months average value traded below or equal to R51.7mn

Note: These liquidity filters are re-adjusted annually based on the increase/decrease of South African inflation as measured by the change in the South African CPI Index.

Relative momentum filter:

- Stocks with negative relative momentum are removed
- Remaining stocks are ranked with stock having highest relative momentum receiving a rank of 1, until each eligible stock receives a rank

Final Index

- The top 40 ranked stocks (i.e., up to 40 stocks with highest relative price momentum) are selected to constitute the index and weighted according to their relative price momentum with higher relative momentum given greater weight

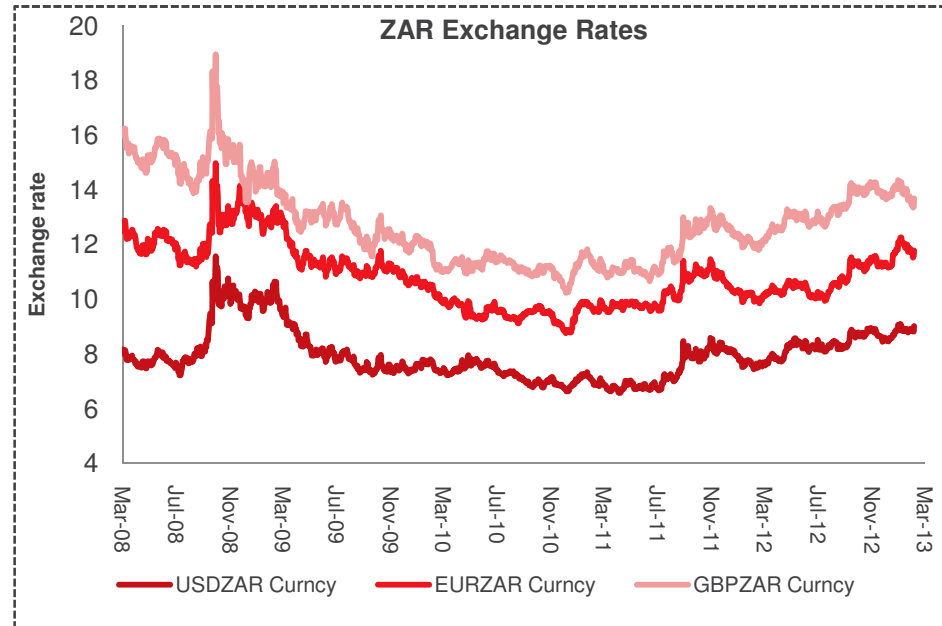
ETNs and ETFs compared

- General product features common to ETFs and ETNs are:
 1. Listed and exchange traded
 2. Easily accessible investment vehicles offering exposure to a wide range of asset classes
 3. Low tracking error
 4. Daily redeemable to issuer subject to terms and conditions
- Specific feature of ETNs is that the Investor owns a note, exposing the investor to the credit risk of the issuer

	NewWave ETNs	ETFs
Tenor	Quasi-perpetual (10 - 30 years)	Perpetual
Liquidity	Daily on exchange	Daily on exchange
Recourse	Issuer credit (Absa)	Portfolio of assets
Principal risk	Market and issuer risk	Market risk
Tracking error	Low tracking error (only fees)	Low tracking error (fees and rebalancing costs)
Issuer subscription and redemption	Both subscription and redemption in block size	Only redemption in block size
Pricing and trading	Market maker on the exchange	Market maker on the exchange

NewWave Currency ETNs

- Each USD, EUR and GBP ETN equals a fixed principal amount of 1 in the respective currency
- Each ETN will accrue interest on a daily basis at the overnight LIBOR rate minus an applicable interest rate spread
- Interest will be distributed on a semi annual basis
- Absa manages its risk under the Currency ETNs by purchasing the underlying reference currency from the market and places this with the Absa Foreign currency money market desk on deposit earning overnight LIBOR minus an applicable interest rate spread.
- Fees: No fees are charged, the Issuer earns an interest rate spread



ETN values (25 March 2013)

	NAV per Note	Interest Rate Spread
NewWave US Dollar	R 9.29	10%
NewWave Euro	R 11.95	10%
NewWave GBP	R 14.11	20%

Annualised Returns as at 25 March 2013

	1 Year	2 Year	3 Year	5 Year
USD/ZAR Exchange Rate	21.01%	16.49%	7.74%	2.90%
EUR/ZAR Exchange Rate	17.25%	11.26%	6.23%	-1.32%
GBP/ZAR Exchange Rate	15.72%	13.29%	8.41%	-2.72%

Source: Bloomberg; Absa

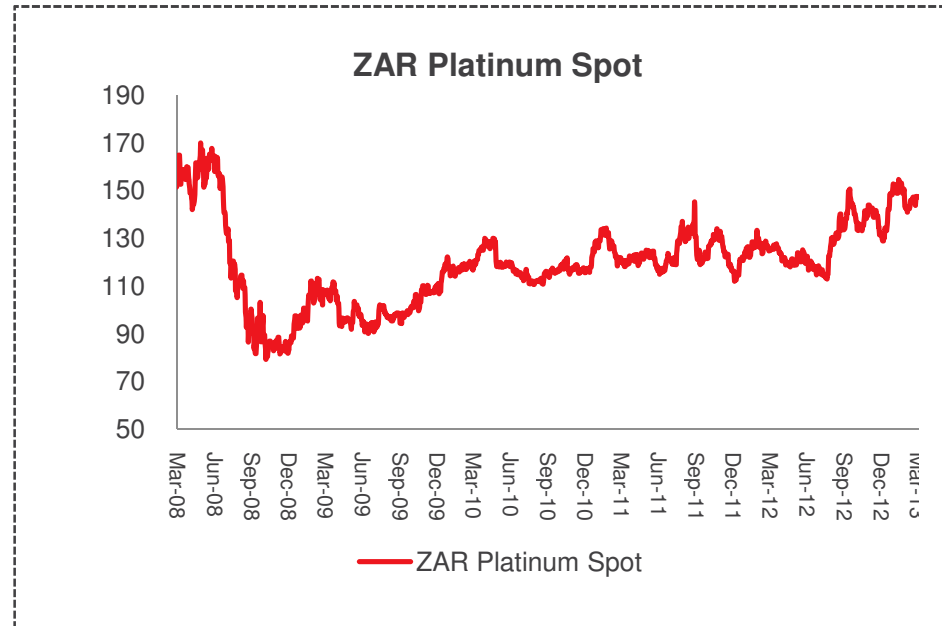
NewWave Currency ETN vs. Currency Deposits

- Similar economically, but:
- Wholesale currency conversion rates vs. retail conversion rates
- Wholesale interest rates vs. retail interest rates
- No exchange control limitations vs. part of offshore allowance
- Same exposure to credit risk

NewWave Platinum ETN

The NewWave Platinum ETN is designed to provide investors with cost-effective exposure to the spot price of platinum in Rands.

- The only note on the JSE that tracks the spot value of Platinum
- Annual management fee/TER is 0.4%
- Each security represents 1/100th of an ounce of platinum bullion less the daily accrued management fee
- Listed on the JSE



FUND FACTS (25 March 2013)

JSE Code	NEWPLTJ.J
ISIN	ZAE000162590
Listing Date	12 Mar 12
NAV per security	R 146.77

Performance as at 25 March 2013

Annualised return	1 Year	2 Year	3 Year	5 Year
Platinum ZAR Spot	17.97%	10.89%	7.50%	-1.74%

Source: Bloomberg; Absa

Comparison of spot and futures prices of precious metals - platinum

Comparative performance: platinum spot price (PLAT Comdty) vs platinum futures index (SPGCPLTR); 23/03/07=100



23/02/07-22/03/13	Return	Annualised return
Platinum spot	28.24%	4.18%
Platinum futures index	23.55%	3.54%

Source: Bloomberg; Absa

NewWave Silver ETN

The NewWave Silver ETN is designed to provide investors with cost-effective exposure to the spot price of silver in Rands.

- The only note on the JSE that tracks the spot value of Silver
- Annual management fee/TER is 0.4%
- Each security represents 1/100th of an ounce of silver bullion less the daily accrued management fee
- Listed on the JSE



FUND FACTS (25 March 2012)

JSE Code	NEWSLVJ.J
ISIN	ZAE000162566
Listing Date	12 Mar 12
NAV per security	R 2.67

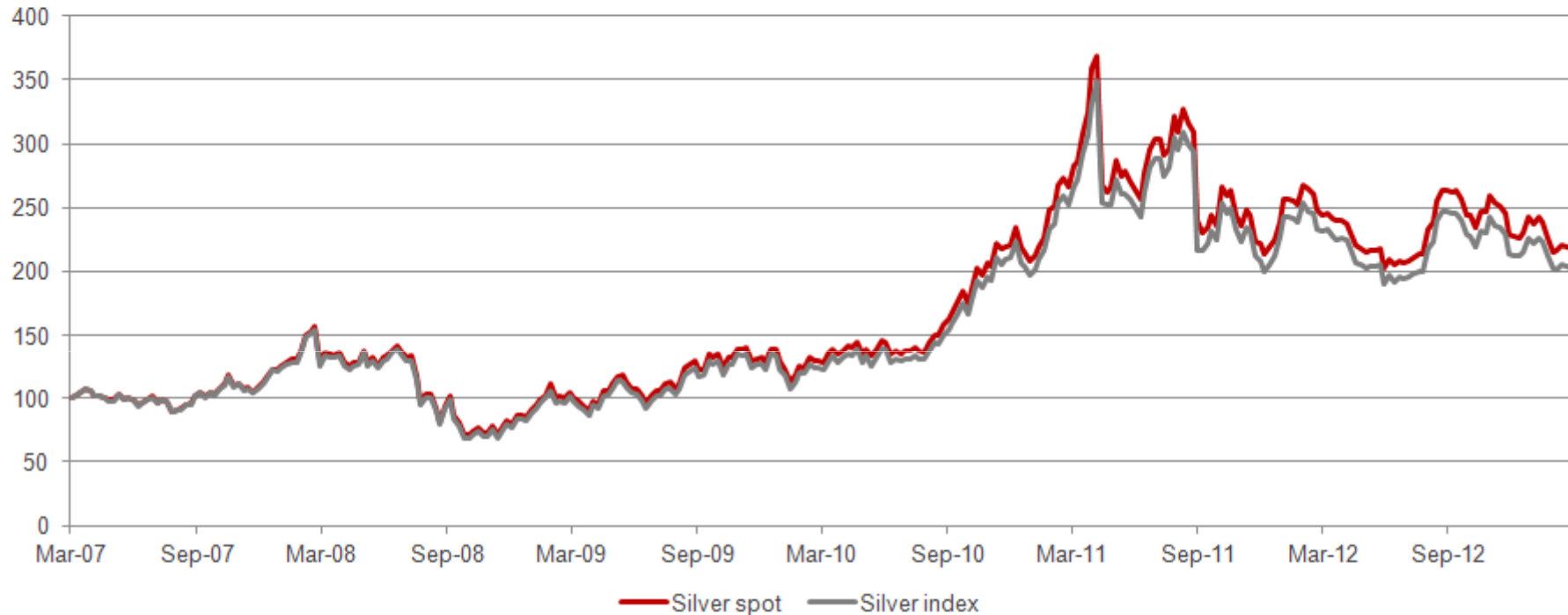
Performance as at 25 March 2013

Annualised return	1 Year	2 Year	3 Year	5 Year
Silver ZAR Spot	8.32%	2.39%	28.76%	12.52%

Source: Absa

Comparison of spot and futures prices of precious metals - silver

Comparative performance: silver spot price (XAG Curncy) vs silver futures index (SPGC SITR Index); 23/02/07=100



23/02/07-22/03/13	Return	Annualised return
Silver spot	117.8%	13.86%
Silver futures index	103.3%	12.56%

Source: Bloomberg; Absa

etf.absacapital.com – one place to find all you want to know about Absa ETFs

The screenshot shows the website interface for Absa Capital Exchange Traded Funds. The main navigation menu includes: HOME, LEARN, HOW TO INVEST, PRODUCTS, TOOLS, NEWS, SUBSCRIBE, DOWNLOADS, ABOUT US. A search bar is located on the right. The main content area features a large banner for "#1 Exchange Traded Funds" with a "Risk South Africa Rankings 2011" badge. Below this is a section titled "ABSACAPITAL VOTED #1 AGAIN" with subtext "in the Exchange Traded Funds category in the annual Risk South Africa Rankings survey". To the right is a "KEEP UP TO DATE WITH OUR ETFs" sign-up form with fields for "E-mail" and "Contact no." and a "Sign up" button. Below the sign-up form is an "ETF NEWS" section with two news items: "06 October 2011 Absa Capital retains top overall bank in annual Risk survey" and "25 May 2011 Absa Capital's multi-asset exchange traded funds listed". At the bottom, there are three columns: "Learn about ETFs" (What are ETFs?, ETF Glossary), "ETF Research Tools" (ETFs Interactive Chart, SA Economic Research), and "Performance" (ETF section with a 1 Year dropdown and performance metrics for NEWGOLD ETF at 43.48% and NEWRAND ETF at 6.26%).

The three banners on the right are:

- EXCHANGE TRADED FUNDS**: Learn how to Invest
- ETP NEWS**: Insights into the ETP industry
- ABSACAPITAL WAS AGAIN VOTED #1**: in the ETF category in the annual Risk South Africa Rankings 2011 Survey

Contacts

Steven Bayne

Tel: +27 (0)11 895 5517
Cell: +27 (0)73 839 0502
steven.bayne@absacapital.com

Fanele Zwane

Tel: +27 (0)11 895 5330
Cell: +27 (0)82 820 3528
Fanele.zwane@absacapital.com

Ryan Sydow

Tel: +27 (0)11 895 5421
Cell: +27 (0)71 685 9580
ryan.sydow@barclayscapital.com

James Taylor

Tel: +27 (0)11 895 5354
Cell: +27 (0)71 679 6398
james.taylor@absacapital.com

Disclaimer

This presentation has been prepared by Absa Capital - the investment banking division of Absa Group Limited and its affiliates worldwide ('Barclays Capital'). This publication is provided to you for information purposes, any pricing in this report is indicative and is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has been obtained from sources believed to be reliable but Absa Capital does not represent or warrant that it is accurate and complete. The views reflected herein are those of Absa Capital and are subject to change without notice. Absa Capital and its respective officers, directors, partners and employees, including persons involved in the preparation or issuance of this document, may from time to time act as manager, co-manager or underwriter of a public offering or otherwise deal in, hold or act as market-makers or advisors, brokers or commercial and/or investment bankers in relation to the securities or related derivatives which are the subject of this report.

Neither Absa Capital, nor any officer or employee thereof accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents. Any securities recommendations made herein may not be suitable for all investors. Past performance is no guarantee of future returns. Any modelling or back testing data contained in this document is not intended to be a statement as to future performance.

Investors should seek their own advice as to the suitability of any investments described herein for their own financial or tax circumstances.

Copyright in this report is owned by Absa Capital - no part of this report may be reproduced in any manner without the prior written permission of Absa Capital.

"FAIS Act Notice and Disclaimer:"

"Any information in this presentation relating to any financial product:

- serves merely as a display of promotional material relating to such financial product
- is a factual and objective description of such financial product

does not constitute an express or implied recommendation, guidance or proposal that any particular transaction in respect of such financial product is appropriate to your particular investment objectives, financial situation or particular needs; and is not advice as contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002

Absa Capital, a division of Absa Bank Limited, shall not be liable for any damage or loss suffered resulting from any action taken by any representee based or relying on this presentation or any discussions relating thereto. Absa Bank Limited is a licensed Financial Services Provider."